

QUARTERLY REPORT
NORTHWEST ALABAMA MENTAL HEALTH CENTER

April 1 Through June 30, 2010

HCP PROJECT NO. 17239

1. Project Contact and coordination Information

- a. Project Leader:** Mr. Skip Newman, Executive Director,
Northwest Alabama Mental Health Center
- b. Address:** 1100 Seventh Avenue, Jasper, AL. 35501
Phone: 205/302-9017
Fax: 205/387-0599
Email: skip@nwamhc.com
- c. Responsible Organization:** Northwest Alabama Mental Health Center (NWAMHC)
- d. Regional and State Coordination:** The NWAMHC is coordinating implementation activities for its mental health network in northwestern Alabama. NWAMHC is keeping the Alabama Department of Public Health informed relative to its project implementation activities.

2. Network Health Care Facilities

- a. Network User Addresses:**
NWAMHC Clinic sites to be served:

Fayette County Office – 123 Second Avenue NW, Fayette, AL. 35555, RUCA Code No. 7, Phone: 205/932-3216, Census Tract No. 020300

Lamar County Office – 141 Second Avenue NW, Vernon, AL. 35592, RUCA Code No. 10, Phone: 205/695-9183, Census Tract No. 030100

Marion County Office – 427 Smokey Bear Rd., Hamilton, AL 35570, RUCA Code No. 10, Phone: 205/921-2186, Census Tract No. 984400

Marion County Office – 260 Baker Street, Winfield, AL. 35594, RUCA Code No. 10, Phone: 205/487-2124, Census Tract No. 984700

Winston County Office – 71 Carraway Drive, Haleyville, AL. 35565, RUCA Code No. 7, Phone: 205/486-4111, Census Tract No. 995700

Walker County Office & HQ – 1100 Seventh Avenue, Jasper, AL. 35501, RUCA Code No. 4, 205/302-9017, Census Tract No. 020200

Walker Baptist Medical Center- 3400 U.S. Highway 78 East, Jasper, AL. 35501, RUCA Code No. 4, 205/387-4000, Census Tract No. 020300

b. Participating Institutions

The Northwest Alabama Mental Health Center is a public non-profit corporation formed under Section 501 C 3 and is therefore an eligible entity under Section 254 of the 1996 act. The Walker Baptist Medical Center is a private non-profit corporation and is considered an eligible entity under Section 254 of the 1996 act.

3. Network Narrative

At this point, the design of proposed broadband network has been completed and bids have been submitted and a compliant low bidder has been selected. A Bid Review Committee reviewed the four bids and recommended to the Northwest Board of Directors that West Alabama TV Cable Company, Inc. (WATVC) as the low bidder. The WATVC bid called for a 6.0 Mb temporary connection to be made at the clinic in Vernon since it will take approximately 24 months to complete the fiber-optic line to this site. Northwest assessed this provision and concluded that it would be able to implement all of its proposed broadband services over this temporary line until the permanent connection is completed. The WATVC proposal calls for service to all seven network sites to be operational within 90 days after Northwest authorizes WATVC to start construction. The contract with WATVC is presently being written. A lower bid for a five site solution was submitted by CenturyLink however the RFP specified that Northwest would give priority to those bids that served all seven network sites that are listed in Item 2. After consultation with the Alabama's Office of the Examiners of Public Accounts it was determined that Northwest was not obligated to contract with CenturyLink since the RFP clearly stated that preference would be given to proposals containing a seven network site solution. The four bid prices are listed below and reflect nonrecurring costs and recurring costs over the 36 month project period.

- West Alabama TV Cable Co. - \$324,200.00
- CenturyLink - \$178,920.00 (five site solution)
- InLine - \$411,800.00
- Crabtree/Asset Black - \$455,280.12

The preferred option selected by Northwest was for there to be a 100 MB connection serving the network hub in Jasper and the mental health clinic in Winfield. The other five network sites are to have a minimum bandwidth of 15 MB. The proposed network is approximately 149 miles in length. It is anticipated that the proposed network will consist of mostly aerial with some underground fiber optic cable. There are presently no plans to connect the new network to Internet 2, which has a node in Birmingham, however, a connection could be made. Network operations will be managed by NWAMHC staff.

During this period, Form 466A and its related supporting documentation was developed and uploaded to the USAC web site. USAC subsequently requested that additional information

be developed relative to the \$20,000.00 in non-recurring costs contained in the broadband lease agreement. This additional information is presently being developed. Also during this period, Messrs. Jack Wright and Kyle South met with Watch 2010, a regional health and medical advocacy group to review the status and geographical footprint of Northwest's proposed broadband network.

4. List of Health Care Providers

The proposed network is not presently operational. The two network participants are the Northwest Alabama Mental Health Center and the Walker Baptist Medical Center which will provide psychiatric services over the network to Northwest's patients. The proposed network will be used to provide internet, voice, video and data services. Attached is a diagram of the proposed broadband network.

5. Quarterly Costs Incurred

To date, no costs have been incurred on this project since bids have not been taken and accepted for the proposed broadband network. Network design costs were provided, at no cost, by the Alabama Department of Economic and Community Affairs. USAC has budgeted a total of \$381,650.34 as the maximum grant amount that will be available during FY 2010 with a total project cost not to exceed \$449,000.00.

6. Cost Allocation By Source

West Alabama TV Cable's low bid consists of a \$20,000.00 one time nonrecurring cost and an \$8,450.00 monthly recurring cost creating a total over 36 months of \$304,200.00 resulting in a total project cost of \$324,200.00. Northwest and the Walker Baptist Medical Center are both eligible users under this FCC program. However NWAMHC will pay all monthly recurring broadband costs incurred by Walker Baptist Medical Center. These costs will be paid from Northwest's general fund account. Northwest will only request FCC reimbursement for the FCC pro rata share of eligible recurring and non-recurring costs. The project budget contains no other grant or contributed funds. Since both participating entities are nonprofit corporations, neither one would be financially able to undertake this project without the subsidies provided by this FCC program. The proposed health care network will enable these two entities to provide improved levels of service to rural patients at a reduced cost.

7. Technical or Non-Technical Procedures For Ineligible Network Participants

No procedures have been developed to accommodate ineligible network users since no ineligible participants are anticipated.

8. Project Management Plan Update

On September 24, 2009, the NWAMHC Board met and rejected all of the bids it received in September since the low bid far exceeded the agency's construction budget established for this project. Additional local revenues were not available to fund the low bid. In addition, the Board authorized the submission of a revised bid containing lower minimum bandwidths and the deletion of the Walker Baptist Hospital if funds are not available.

During the month of January, the revised RFP and Form 465 were posted to USAC web site. In addition, the bid proposal was also advertised in the Daily Mountain Eagle in an effort to comply with the Alabama bid law. All bids were due no later than 3:00 pm on February 5, 2010. Four bids were received and Northwest formed a Bid Review Committee to assess the bids and make a recommendation to the NWAMHC Board of Directors. After meeting on several occasions the committee identified West Alabama TV Cable Company, Inc. as the most qualified low bidder. On March 8th all four bids were reviewed at a meeting of the NWAMHC Board of Directors. At this meeting the board selected WATVC as the low bidder and asked Mr. Skip Newman, to meet with the WATVC and assess the adequacy of the 6.0 Mb temporary broadband connection to be extended to the Vernon Clinic as contained in the WATVC bid.

On March 12th at a meeting with WATVC's Mr. Kyle South, Mr. Newman's concluded that the proposed temporary service would enable Northwest to fully implement broadband services at its facility in Vernon. Mr. Newman also authorized Mr. South to draft a contract that could be reviewed by Northwest.

Project Schedule

Pre-bid Conference	November 12, 2008
Advertise Broadband Network RFP	February 4, 2010
Select Low Broadband Network Bidder	March 8, 2010
FCC grant award letter	August 28, 2010
Initiate Broadband Network Installation	September 1, 2010
Complete Video Equipment Installation	October 15, 2010
Complete VOIP Phone System Installation	October 30, 2010
Complete Broadband Network Installation	November 1, 2010
Initiate Broadband Network Service to all 7 Sites	November 2, 2010

9. Network Sustainability

During this period, a new network sustainability plan was completed. The new plan indicates that at the end of the third year of operation the new broadband network will have generated substantial cost savings as a result of reduced intercompany long distance phone calls, the reduced number of telephone lines as well as reduced travel costs incurred by staff

psychiatrists and other NWAMHC staff. When these savings were combined with increased psychiatric billings the network's annual operating costs are estimated to decline from \$55,800.00 in the first year to zero by the end of the third year of operation.

FCC/USAC Sustainability Issues

USAC Project Scenario. Through its RFP, Northwest has identified West Alabama TV Cable Co. as low cost provider of the requested broadband service. Therefore, this service is considered to be an Indefeasible Right of User (IRU), as a long-term lease of specified bandwidths, as defined in USAC Scenario No. 1.

Source of 15% Local Match. Northwest will pay the project's 15% local match from its General Fund Budget. The agency has sufficient revenues to pay the required 15% local match. It also has sufficient general fund revenues to continue purchasing these services once the FCC subsidy expires.

Commitments From Network Members. NWAMHC will pay all monthly recurring costs incurred by its network partner the Walker Baptist Medical Center. Walker Baptist Medical Center is considered to be a permanent member of the proposed broadband network as per verbal agreements made by hospital representatives to Mr. Skip Newman, Northwest's executive director.

Sustainability Period. NWAMHC will be able to provide a 10 year projected project budget once a contract is signed with the West Alabama TV Cable Company, Inc.

Budget Attached to Sustainability. The agency is not able to make reliable budget projections until a contract for broadband services with West Alabama TV Cable has been executed.

Network Management. Mr. Skip Newman will have overall responsibility for managing the new network. Mr. Newman expects to devote one percent of his time to this task. The agency's MIS Director is expected to devote 10 percent of her time on network management activities resulting in an estimated annual cost of \$5,000.00. Annual broadband network management costs are estimated at \$6,700.00. All of these network management costs will be paid from the organization's general fund account.

Continued RHC Funding. As indicated in Item 9 above, the NWAMHC will have the financial resources to enable it to network's annual operating costs when FCC assistance expires. The estimated annual savings and increased psychiatric service billings should bring network operating costs to zero at the end of the third year of operations.

State and Federal Funding. Northwest does not expect to need additional Federal or state assistance in order to continue operating this new network, as a result of previously referenced annual cost savings and revenue increases.

Prepaid Lease Option. There are no prepaid leases involved in this project.

10. Network Benefits

The primary goal of this project is to use FCC assistance to install a broadband network that will facilitate the delivery of telepsychiatry and other related services on a real time basis between NWAMHC's six mental health clinics and the Walker Baptist Medical Center. When completed the new broadband network will also provide telephone, internet, data, and video services to the six rural mental health clinics. Psychiatric services will be able to be delivered to the six clinics from the network hub at the Jasper clinic or directly from Walker Baptist Medical Center also in located in Jasper. The new network will further enable Northwest to greatly increase the amount of psychiatric services it delivers due to reduced travel times resulting from the implementation of this project. It will take about six months after the network becomes fully operational for these and other network benefits to be accurately determined.

11. Network Compliance With HHS Health IT Initiative

Network compliance with HHS standards. (1) Functionality. The proposed broadband network will consist of various fiber-optic lines that provide Northwest will sufficient bandwidth to support a number of health IT functions such as telpsyhchiatry, video conferencing, the transmission of electronic health records as well as other HHS IT functions. (2) Security - When the network becomes operational, Northwest will restrict its use to agency IT staff and to a limited number of health professionals. When the new network is completed, a high level of network security is anticipated since this will be a stand-alone broadband network that will not interconnect with other networks. (3) Interoperability – The proposed broadband network will be a stand-alone network however, it will have the capacity to interconnect with other related networks.

Electronic Medical Records. Northwest has recently contracted with Lavender and Wyatt Systems, Inc. (LWSI) for the conversion of the agency's paper medical records into a digital format. This conversion process is still in the early planning stages. LWSI staff indicate that the Certification Commission for Healthcare Information Technology (CCHIT) certification for Behavioral Health has not been finalized as yet. A rough draft was released earlier this year ... of which LWSI and its partner, Essentia, were approximately 80 percent compatible at that time. The final ruling for the CCHIT certification is expected by late summer of 2010. When this final CCHIT ruling is made LWSI will prioritize the remaining requirements in order for LWSI and NWAMHC to meet all of the CCHIT certification requirements.

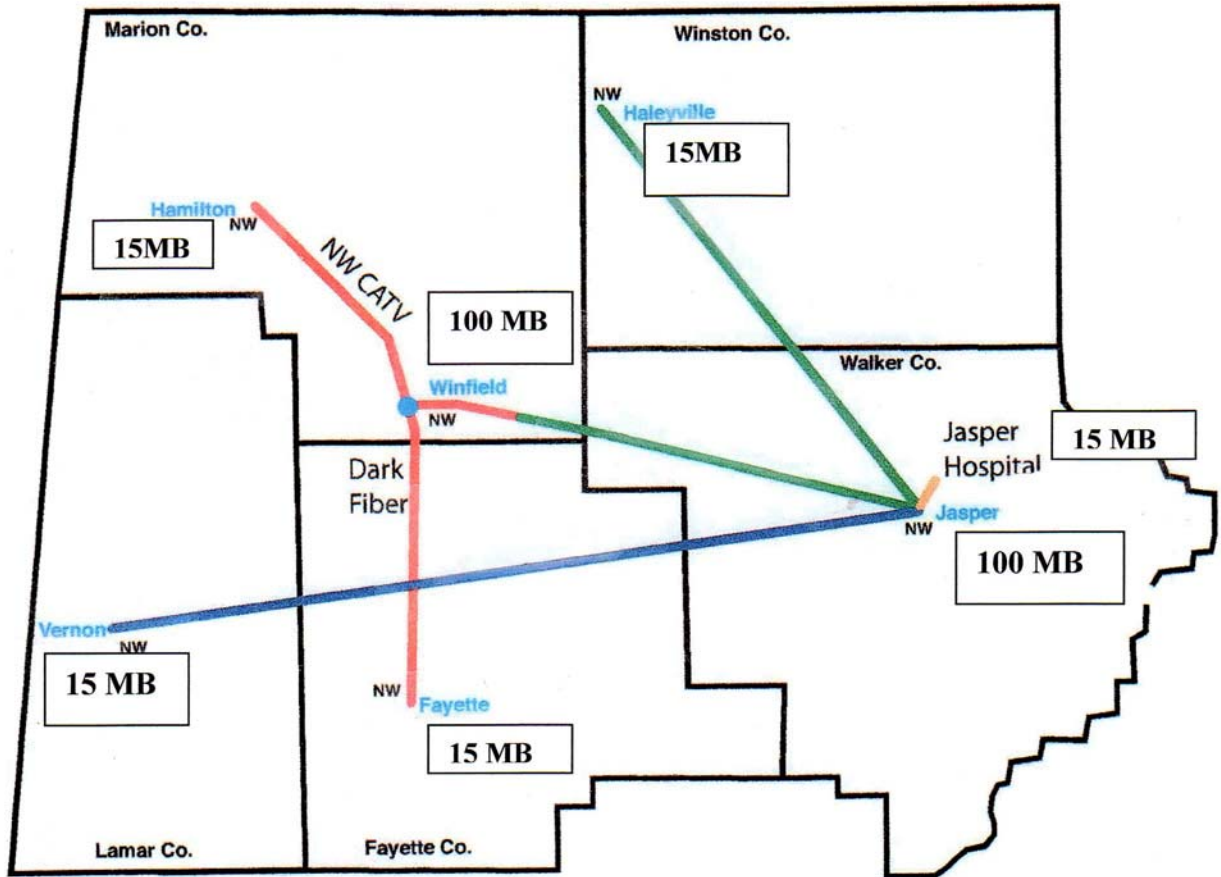
12. Coordination with HHS, CDC, Local Public Health and EMA Agencies

The participant will coordinate with HHS, CDC as well as state and county public health and emergency management agencies. Northwest will make the network available to these agencies during national, state or local emergencies.

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**FUTURE MENTAL HEALTH NETWORK
FOR
NORTHWEST ALABAMA MENTAL HEALTH**



Legend

- Existing
- NW Northwest Mental Health

Estimated Annual Connectivity Cost (Based upon \$8,450 Annually)	\$101,400.00
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Estimated Annual Savings

Psychiatric Travel Cost Savings	\$20,000.00
Intercompany Long Distance Phone Savings	24,000.00

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